

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
Universal Service Contribution Methodology	)	WC Docket No. 06-122
	)	
Federal-State Joint Board on	)	CC Docket No. 96-45
Universal Service	)	
	)	
1998 Biennial Regulatory Review –	)	CC Docket No. 98-171
Streamlined Contributor Reporting	)	
Requirements Associated with Administration	)	
of Telecommunications Relay Service, North	)	
American Numbering Plan, Local Number)	)	
Portability, and Universal Service Support	)	
Mechanisms	)	
	)	
Telecommunications Services for Individuals	)	CC Docket No/ 90-571
with Hearing and Speech Disabilities, and the	)	
Americans with Disabilities Act of 1990	)	
	)	
Administration of the North American	)	CC Docket No. 92-237
Numbering Plan and North American	)	NSD File No. L-00-72
Numbering Plan Cost Recovery Contribution	)	
Factor and Fund Size	)	
	)	
Number Resource Optimization	)	CC Docket No. 99-200
	)	
Telephone Number Portability	)	CC Docket No. 95-116
	)	
Truth-in-Billing and Billing Format	)	CC Docket No. 98-170
	)	
IP-Enabled Services	)	WC Docket No. 04-36

**COMMENTS OF LEAP WIRELESS INTERNATIONAL, INC.**

Leap Wireless International, Inc. and Cricket Communications, Inc.

(collectively, “Leap”) submit these comments in response to the above-captioned Notice of Proposed Rulemaking (“Notice”).

Leap has led the wireless industry in offering true flat-rate pricing: Leap offers its customers unlimited mobile wireless services within a local service area for a reasonable flat monthly rate (plans range from \$30 to \$45) and without requiring its customers to enter into a long-term contract, to meet a credit standard, or to agree to early termination fees. This pricing structure has introduced the benefits of mobile wireless services to many consumers who might otherwise be unable to obtain them. Leap also draws customers who want more predictable bills or who want to avoid large overage charges. Leap has been able to provide high-quality, low-cost mobile wireless service in large part because of its business model under which it (i) has deployed a high capacity, state-of-the-art CDMA network, (ii) has streamlined its operations, and (iii) is able to acquire customers at costs substantially below the costs of other industry leaders.

In this proceeding, Leap joins CTIA – The Wireless Association (“CTIA”) in urging the Commission to proceed promptly with comprehensive reform of its universal service contribution assessment system. In particular, once the Commission transitions from the interim measures recently adopted in the *Report and Order* in this proceeding, it is imperative that the Commission’s universal service contribution framework contain adequate safeguards for low-income and low average-revenue-per-unit (“ARPU”) customers. In this regard, CTIA has proposed that contribution assessments for wireless “family plan” numbers and prepaid/month-to-month customer numbers in a numbers-based contribution system be reduced by 50%. Leap wishes to underscore the importance of this aspect

of CTIA's proposal to the customers of mid-size carriers such as Leap, who in large part comprise historically under-served segments of the Commercial Mobile Radio Services ("CMRS") market.

By way of example, 69 percent of Leap's subscribers have household incomes of less than \$35,000 per year and 46 percent are Hispanic or African-American. Leap's monthly ARPU for Cricket customers also is significantly lower than the industry average. This is because monthly Cricket service plans range from \$30 per month for unlimited local service to \$45 per month for unlimited local, domestic long distance, and text and picture messaging.

The 50% discount that CTIA proposes to apply to such plans is vitally important. Applying the same contribution fee to such plans as is applied to higher-priced plans targeted at more affluent users would amount to a regressive "tax" on low income and under-served customers. Such a result emphatically is not supported by the policy goals that Congress and the Commission have sought to achieve under the universal service framework, such as "ensuring the delivery of affordable telecommunications service to all Americans."<sup>1</sup> While Leap understands the tradeoffs that are driving the Commission from a revenue-based to a number-based universal service contribution methodology, the Commission should expressly account for the consequences of that change for low-income and under-served U.S. consumers, as CTIA has suggested.

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<sup>1</sup> 47 U.S.C. § 254(b).

Respectfully submitted,

-/s/-

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